



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
CLIMATE ACTION

Directorate A - International and Mainstreaming

Brussels, 27, 07, 2017
Clima A2 [REDACTED]

[REDACTED]
Division of European Affairs,
15B Fu Xing Road,
Beijing 100862
China

Transmission through EU
Delegation Beijing

Subject: Near-Zero Emission Coal Cooperation

Dear Ms [REDACTED],

I am contacting you as regards the next steps in our longstanding NZEC cooperation on Carbon Capture Utilisation and Storage (CCUS).

In your meeting on 19 July 2017 at the Ministry of Science and Technology with my collaborators [REDACTED], [REDACTED] and [REDACTED], you expressed your interest in a swift continuation of our NZEC cooperation, including the respective memoranda of understanding between the EU and China from 2006 and 2009.

In cooperation with our partners, the UK and Norway, the NZEC phases I (project identification) and IIA (pre-feasibility studies) have been concluded. Additionally, over the last year the European Commission has financed several relevant scientific projects, and in 2016, in principle, had ensured funds for phase NZEC IIB (preparation of feasibility studies at pre-selected projects sites Tianjin/Huaneng and Shengli/Sinopec).

However, in the meantime we have been informed through the EU Delegation Beijing and the potential project implementer, the Asian Development Bank, that the relevant project promoters are no longer pursuing the mentioned CCUS projects, or are pursuing them with own resources outside the NZEC framework. Up-dated information from your side on the current status of the CCUS projects, which were identified and prepared in NZEC so far, would be appreciated (as well as broader information on the development of the CCUS sector in China).

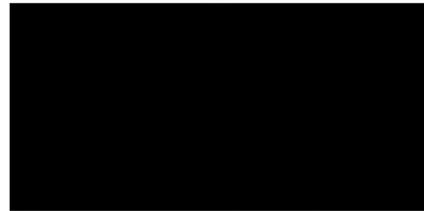
From our side, and as explained during the meeting in Beijing, in the current circumstances we are not in a position to maintain the foreseen financial support for phase IIB of the NZEC that we had reserved in the 2016 EU budget. As discussed, we are interested to reorient EU-China CCUS cooperation to a policy and expert dialogue, in the light of the 2015 EU-China Joint Statement on Climate Change ('recognise the successful

cooperation on Carbon Capture, Utilisation and Storage in the framework of the Near Zero Carbon Initiative and to study ways to continue this cooperation'). Although we face a slower than expected uptake of CCUS projects in certain regions worldwide, we continue to see the approach as vital for many 2050 decarbonisation strategies. On its side, the EU pursues the implementation of its 2009 Directive on the geological storage of CO₂ ('CCS Directive'). We will also reinforce our work on options for carbon utilisation.

As mentioned by my collaborators in your meeting in Beijing, the European Commission is ready to provide funds for the EU-China CCUS dialogue. We would be honoured to receive you and other Chinese stakeholders in Brussels in 2018 for in-depth discussions on Carbon Capture Utilisation and Storage. We will come back to you with a concrete proposal and invitation during autumn 2017. I attach a list of possible topics for the dialogue, and would appreciate your comments and additional proposals. We understand that the NDRC, ACCA21, as well as project sponsors and other sector stakeholders would be part of the dialogue.

I am looking forward to a fruitful cooperation with you during the coming years.

Yours sincerely,



Director

CC:

NDRC

DEL Beijing

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Possible topics for EU-China CCUS dialogue:

- Concrete CCUS projects in China and the EU
- Experience with the EU CCS Directive
- CCUS sector development in China
- Regulation of CCUS projects, how to offer comprehensive, streamlined procedures for CO₂ storage projects approval and monitoring
- Stakeholder involvement
- Dedicated CCUS financing schemes
- Application of CCUS in energy intensive industries
- Synergies between carbon capture utilisation and storage
- Developing public-private partnerships for delivering carbon capture, transport, utilisation and storage infrastructure.